



## RELATIONSHIP BETWEEN PERCEPTION ON PERFORMANCE APPRAISAL AND WORK PERFORMANCE IN IT SERVICE INDUSTRY IN BENGALURU

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### ABSTRACT

*Performance appraisal system is an essential tool for any organization as it develops the human advantage for see and repays the regular appraisal of employees. IT industry in India is a sector which particularly defying a lot of issues related to performance appraisal. Organizations are engaging on the most capable strategy to make this structure more reasonable and findout particular ways to deal with this and support its favorable position. The employee's perception of the PA plays a determinant role in the accomplishment of the PA framework as they are eager to willfully take part in the quest for performance. The purpose of performance appraisal is to enhance the commitment of employees in terms of work performance and accomplishment of organizational goals. This article will highlight the relationship as well as the impact of variables in the study. Firstly, determine the relationship between the perception of performance appraisal and work performance and secondly, the impact of Perception on Performance Appraisal on work performance in IT service industry in Bengaluru.*

**Keywords:** Perception, Performance Appraisal (PA), Work Performance.

### 1. Introduction

Performance appraisal is the orderly assessment of the performance of employees to comprehend the capacities of an individual for further development and improvement [1].

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The role of performance appraisal (PA) is to improve employees' contribution to organizational objectives and work performance. The response of employees influenced by an organization's PA framework is viewed as one of the primary criteria to assess the importance of this framework [2].

In the current situation, performance appraisal has changed a great deal according to the need and necessity of the organizations and employees [3]. As of now, the organizations are discarding this structure however on the investigation, it is discovered that because of the aversion of this framework by the employees, the organizations are attempting new strategies for doing PA to increase wanted outcomes [4].

Regardless of the prominence of performance appraisal framework, it has confronted a lot of problems in terms of perception, satisfaction, and performance [5]. This is one reason organizations are attempting to reorganize it for the accomplishment of the organizational objective and fortify the human resource [6]. The core objective of performance appraisal is to analyze and upgrade the work performance of employees which leads to enhanced productivity [7].

The studies conducted so far on this topic are mostly about the employee satisfaction from PA tool but work performance is considered as part of the studies, not the core, which needs attention [8]. In many cases, the performance appraisal is not very ineffective [9]. The study intends to find out what is employees' perceptions about performance appraisal processes and also its impact on work performance. The current study is conducted to find out the impact of perception of performance appraisal on work performance of employees.

## **2. Literature Review**

Performance appraisal is into existence since the early 1900s [10]. It is the assessment of the performance and dissatisfactions of the employee, the evaluation of their suitability to get ready and progress later on [11]. Perception is the procedure through which people arrange and translate their tangible impressions to offer importance to their condition [12]. Perception changes from individual to individual since everybody acts and peruses into the framework in an unexpected way.

### **2.1 Perception on performance appraisal and work performance**

Perception can be affected by different components connected to the idea of the individual himself (character, identity, thought processes, interests, past experience and desires). Many

investigations uncovered that the impression of correspondence, where the performance appraisal is concerned, is a noteworthy factor in the acknowledgment of the performance appraisal and the fulfillment it produces [13]. A decent view of the performance appraisal framework will make a positive work air while a negative observation will make issues that will influence performance. Every organization from time to time evaluates the status of this valuable asset by performing performance appraisal where perception plays an important role (Ibeogu & Ozturen, 2014). It has a positive relationship with work performance [2].

Work performance is something which is directly affected by perception if employees perceived the performance appraisal system positively, the work performance will be on the positive side and vice-versa [2]. This is a theoretical view but the real picture can be different from this assumption based on the population and demographic factors. Generally, employees try to improve their work performance which will reflect in their performance appraisal but due to lack of transparency and other factors, it is not visible sometimes [3]. The employee always looks for a fair and transparent assessment but most of the time that fairness factor is not revealed that makes the employee look towards appraisal process as a negative measure [14]. This is not the only factor to be looked on by HR manager in their organizations but there are lot many factors related to employee perception which plays an important role towards the development of organization and employee as well [7].

Development should be a win-win situation for both employee and organization which can be achieved if the employees are motivated Motivation and perception have a positive relationship on the feedback received from performance appraisal about work performance [15]. The employee should always be given more authority but organizations give only responsibility which affects their performance and perception as well [16].

Performance is always affected by the perception of the employee towards appraisals and if they perceive it positively the work performance will be positive and beneficial for both employee and organization [15]. Perception on performance appraisal is a key factor to be considered as for how one perceives is directly related to performance [7]. Perception is influenced by the environment and behavior of the superiors, subordinates or peers [2].

Employees perceive the process of performance appraisal as a tool for coaching and counseling, career development, goal setting, salary revision and promotion [17], but when

the outcomes are different from their expectations, it leads to a problem with employees' work performance [8].

## **2.2 Performance Appraisal and Work Performance**

According to [18], Performance is about employees particular conduct. It implies something that employees do and not about what workers create or the results of their work. Performance is controlled by a blend of decisive learning, procedural information, and inspiration. This definition has two essential aspects, i.e. Work performance, and contextual performance. Work performance alludes to the particular exercises required by one's job. Meanwhile, the contextual one alludes to the exercises required to be a decent individual from the organization or as a subject. The two features are the determinants for organizational success; in this manner, both ought to be incorporated into a performance appraisal framework.

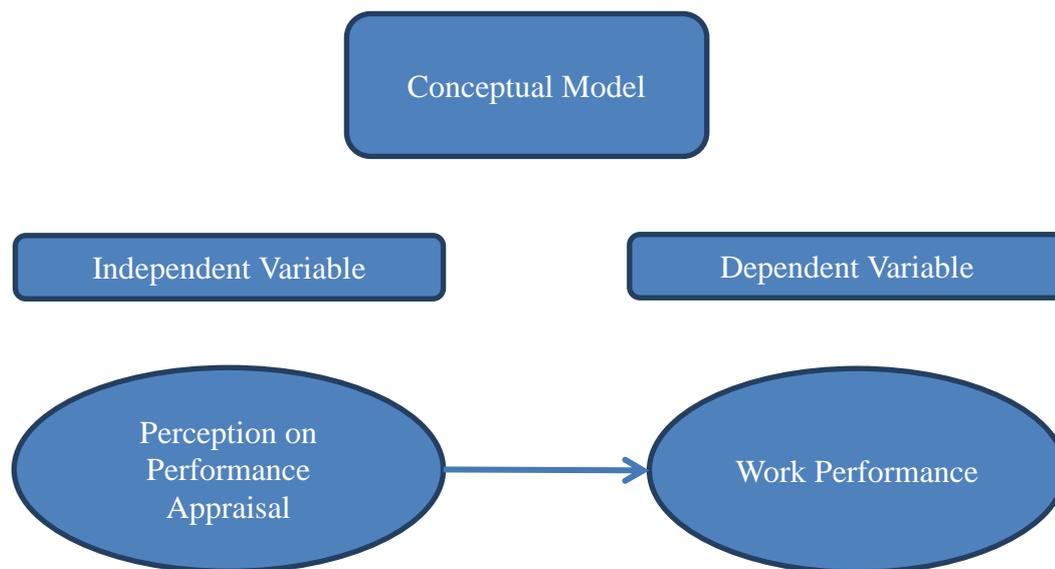
In a study of [15] detailed that employees' satisfaction on performance appraisal regulates their work performance. It implies a legitimately managed performance appraisal will prompt high employees' satisfaction, and it consecutively lifts high work performance.

The influence of performance appraisal and work performance becomes taking more attention due to the number of studies, which examined the effects of performance appraisal systems on employee, provides solid empirical findings that employees' opinions regarding the performance appraisal (PA) process are highly critical to the long-term effectiveness and the success of the system as well [15] [19]. The impact of performance appraisal and work performance winds up noticeably taking more consideration because of the quantity of studies, which analyzed the impacts of performance appraisal frameworks on employees, gives strong observational discoveries that employees view point in regards to the performance appraisal process are profoundly critical to the long-term adequacy and the achievement of the framework as well [15] [19]. These studies have utilized a few reviews, surveys and questionnaires to evaluate employees responses to different aspects of the PA framework. Besides, the outcomes uncovered that essentially employees would encounter the greatest levels of satisfaction when they comprehend with the criteria utilized for PA evaluation and agree with the criteria utilized, feel the consequences of the evaluation affect their level of pay, and trust that the appraisal procedure is fair [20].

Perception on performance appraisal and work performance both the aspect are very important to be considered in the context of employees and organizations as well [13]. This study is focused on the relationship of independent variable perception on performance appraisal and its impact on dependent variable work performance [21].

### 3. Conceptual Framework

The conceptual framework of the study shows the relationship between employee perception on performance appraisal and Work Performance. The study will also reveal the impact of former on the later.



This model shows Perception on Performance appraisals and its impact on work performance in IT industry, in view of this the following hypothesis is framed:

Hypothesis<sub>1</sub>: There is a positive relation between perception on performance appraisal and work performance.

Hypothesis<sub>2</sub>: Perception on performance appraisal impacts work performance.

Hypothesis<sub>3</sub>: There is a difference between the work performance of employees at different management levels.

According to [1], “Perception includes all those processes by which an individual receives information about his environment—seeing, hearing, feeling, tasting and smelling. The study of these perpetual processes shows that their functioning is affected by three classes of variables—the objects or events being perceived, the environment in which perception occurs and the individual doing the perceiving.”

Perception is defined by [9] in organization context saying that employees behave in an organization as per the prevailing culture of the said organization. They try to commensurate as per the environment of the company and if they won't be able to do so they try to look for another job.

Since an essential motivation behind performance appraisal is to expand individual performance. we may expect that employee satisfaction with PA would be decidedly identified with work performance [19]. Additionally, in light of the fact that PA frequently incorporates furnishing workers with new learning and aptitudes, it might likewise add to employees' apparent interest in advancement. Utilizing a social trade focal point [22], employees who trust their organizations are focused on giving them formative exercises may feel a commitment to "reimburse" the organization through high work performance. Finally, backhanded help for a PA satisfaction– work performance relationship is acquired from studies announcing a positive connection between performance appraisal satisfaction and work performance [19].

This definition states that perception of performance appraisal is positively related to work performance and thus signifies the above mention hypothesis, It is an important elements of the study to look at its impact on different factors in terms of performance appraisal which in this case is work performance.

#### **4. Methodology**

This is a quantitative study in which data is collected across the population through simple random sampling method. The study was conducted in five major information technology service industry companies of Bangalore which are following performance appraisals. The employees from junior, middle and senior management levels are the part of the population of the study. To guarantee the dependability and legitimacy an institutionalized instrument is embraced from past investigations by [12] [10] & [23], which in these studies reported acceptable reliability and validity of the instrument. A structured questionnaire is used to measure the variables of the study using a five-point Likert scale. The questionnaire is

distributed to participants through various social networking modes using google forms. Total 50 responses are used in this study.

## 5. Analysis

This study is consisting of 50 respondents who have gone for at least one appraisal session. A five-point Likert scale is used where 5= strongly agree, 1= strongly disagree. The Cronbach's alpha as shown in the table.1 (reliability coefficient) is .879 for 14 items this value is sufficient for further progress of the analysis with the data. From the total population of 50 respondents, 52% are male and 48 % respondents are females. The study is carried on five Information technology companies. These organizations are randomly chosen and the results of the analysis are first computed on the basis of mean score given by [4] in **Table 2**.

### 5.1 Descriptive Statistics

On the basis of mean score comparison of independent and dependent variable in table 3. It shows that perception on performance appraisal has a mean score of **2.87** with standard deviation= **0.591** which is on the lower side shows that employees do not perceive the PA positively, on the other hand, mean score of work performance= **3.98** with standard deviation= **0.462** which falls into the higher category shows that work performance is on the higher side. The intercorrelation between Perception on PA and WP 0.488 which shows that the data spread is proper and accurate as correlation value of more than 0.5 will create multicollinearity issues, in this case, there exists a positive correlation between the independent and dependent variable. The relationship between Perception on performance appraisal and work performance is significant at  $p=.002$ , 1 tailed. This also indicates the acceptance of our hypothesis1.

Hypothesis<sub>1</sub>: There is a significant and positive relationship between perception on performance appraisal and work performance.

Hypothesis<sub>2</sub>: Perception of performance appraisal impacts work performance of employees.

Hypothesis<sub>3</sub>: There is a significant difference between the work performance of employees at different management levels.

To test the second hypothesis of the study a regression test is done to find out the impact of perception of PA on WP where  $r^2=.238$  as shown in table 5, ANOVA test in table 6, shows

that  $F=15.000$  which is significant at  $p=.000$  and coefficients in table 7 where  $\beta=.338$  which is significant at  $p=.000$ . This shows that there is a positive and significant impact of perception on performance appraisal on work performance. Also, any change in perception on performance appraisal will lead to impact work performance by 23.8%, which is on the lower side. It also indicates that if perception on performance appraisal increases work performance also increases positively. This also indicates the acceptance of our hypothesis 2.

**Table 1. Reliability Statistics**

<b>Cronbach's Alpha</b>	<b>Cronbach's Alpha Based on Standardised Items</b>	<b>N of Items</b>
.853	.854	14

**Table 2. Mean Score Comparison Table**

<b>Mean Value</b>	<b>Description</b>
< 3.39	Low
3.40 – 3.79	Moderate
>3.80	High

**Table 3. Mean And Standard Deviation Comparison of Independent And Dependent Variables.**

<b>Variables</b>	<b>Mean</b>	<b>Standard Deviation</b>
Perception on Performance Appraisal	2.87	0.591
Work Performance	3.98	0.462

**Table 4. Correlations**

		<b>MeanScore</b>	<b>PMeanscore</b>
Pearson Correlation	WP	1.000	.488
	PPA	.488	1.000
Sig. (1-tailed)	WP	.	.000
	PPA	.000	.
N	WP	50	50
	PPA	50	50

**Table 5. Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df 1	df 2	Sig. F Change
1	.488 a	.238	.222	.41553922 01	.238	15.000	1	48	.000

a. Predictors: (Constant), PPA

**Table 6. ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.590	1	2.590	15.000	.000 <sup>b</sup>
	Residual	8.288	48	.173		
	Total	10.878	49			

a. Dependent Variable: MWP

b. Predictors: (Constant), PPA

**Table 7. Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics		
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF	
1	(Constant)	3.222	.282		11.434	.000	2.656	3.789		
	PPA	.338	.087	.488	3.873	.000	.163	.514	1.000	1.000

a. Dependent Variable: WP

**Table 8a. ANOVA**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	6.953	2	3.476	17.707	.000
Within Groups	9.228	47	.196		
Total	16.181	49			

**Table 8b. Post Hoc Test Multiple Comparisons**

	(I)	(J)	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Tukey HSD	1.0	2.0	.578483245150011*	.128921166907350	.000	.266478341214545	.890488149085477
		3.0	1.503086419753185*	.324711191733210	.000	.717245842803191	2.288926996703180
	2.0	1.0	-.578483245150011*	.128921166907350	.000	-.890488149085477	-.266478341214545
		3.0	.924603174603275*	.327894710915551	.019	.131058094036913	1.718148255169636
	3.0	1.0	-1.503086419753185*	.324711191733210	.000	-	-.717245842803191
		2.0	-.924603174603275*	.327894710915551	.019	-	-.131058094036913
						2.288926996703180	
						1.718148255169636	

## 5.2 Inferential Statistics

For testing the third hypothesis one way ANOVA test is conducted, results of which are shown in Table 8a & 8b. Where  $f=17.707$  and  $p=.000$  for work performance which state that there is a significant difference in the work performance of employees with different experience and, hence the null hypothesis is rejected and alternative hypothesis is accepted which means that there is a difference between the work performance of employees working at different management levels where 1= junior management, 2=middle management, and 3= senior management.

## 6. Discussion

The target of this paper is to investigate the connection between perception on performance appraisal and work performance. The discoveries show that perception on performance appraisal has a significant and positive relationship with work performance. There are a couple of experts in the past which have demonstrated the similar relationship. (i.e. [15],

[10]). This examination adds to the exploration by giving extra help to the conclusion in context to Information Technology industry. The discoveries demonstrate that employees perceive performance appraisal positively when they are at a junior level to the procedure however as they become familiar with it their perception and work performance begins to decrease, which shows the level of management of employees expands their perception of performance appraisal and work performance both declines. In spite of the fact that the aftereffects of the illustrative insights say that there is a contrast between the perception of performance appraisal and work performance of employees at different levels of management. There might be the accompanying reasons behind this:

1. Employees when working for their development and don't see those things happening at the right direction there motivation, perception and ultimately work performance decline.
2. Organizations when don't acknowledge the performance of the employees at the time of performance appraisal at different levels of management it leads to the decline work performance of employees.
3. When employees perception for PA process is negative then organizations cant expect good work performance from the employees which in turn impacts the organizational goals.
4. Another reason of this is organizations are more focused to implement new things not on the basis of the requirement of the employees but on the basis of the requirement of the business.

The present economic situations in IT sector can likewise be one of the explanations behind great or terrible perception about performance appraisal and affects work performance.

## **7. Limitation of the Study**

As the sample size is very limited and specific to the IT service industry in bengaluru as a result it cannot be generalised to the whole IT sector. The results may be different if the demographics changes and also if the sample size increases.

## **8. Conclusions**

The stimulus behind this study is to assess the effect of perception on performance appraisal on work performance in information technology industry in Bangalore. Since IT is a huge industry in itself, which from time to time face lot of issues related to matters like this. The

organizations are making their best efforts to streamline this performance appraisal process to bring the best out of it.

The consequence of the study demonstrates that perception on performance appraisal essentially impacts work performance. In the event that employees see performance appraisal process decidedly then work performance can likewise on positive side which is a positive sign for the organizations and vice-verse.

Although in the current study it seems that employees do not perceive performance appraisal process positively as most of the time there are clauses which make it an ineffective practice due to which it does not bring out the best results. This is also one reason why performance appraisal is unable to bring out the best work performance of employees.

This review has emphasized the importance of performance appraisals and how it influence employees work performance in IT service industry. The focus of the study is to bring out the relationship of work performance in context with perception on performance appraisal. The outcomes shared in this study is beneficial for the organizations who are looking for employees productivity enhancement using perception and performance appraisal process as a parameter for the development of employees and organization.

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